

Service Date: January 15, 1982

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application of)	UTILITY DIVISION
the Town of Fairview to Increase)	DOCKET NO. 81.5.56
Water Rates and Implement a Water)	PROPOSED ORDER NO. 4880
Hook-up Fee.)	

APPEARANCES

FOR THE APPLICANT:

Jean Lanouette, Town Clerk, Town Hall, Fairview, Montana 59221

FOR THE INTERVENORS:

NONE

FOR THE COMMISSION:

Calvin Simshaw, Staff Attorney, 1227 11th Avenue, Helena, Montana 59620

BEFORE:

Gordon Bollinger, Chairman and Hearing Examiner

FINDINGS OF FACT

1. On May 8, 1981, the Town of Fairview (Applicant or Town) filed an application with this Commission for authority to increase rates and charges for water service to its customers in Fairview, Montana. In its application the Town also requested that the Commission allow the Town to implement a \$150 hook-up fee for all new connections to the water system. The Applicant's proposed increase in water rates will generate approximately \$21,150 in additional revenues annually.

2. A Notice of Opportunity for Public Hearing was issued in this docket on July 15, 1981. This Notice stated that if protests and/or requests for public hearing were received by August 12, 1981 a public hearing would be scheduled. A protest and request for public hearing was timely filed and therefore a public hearing was scheduled in this matter.

3. On December 2, 1981, pursuant to notice of public hearing, a hearing was held in the Lions Hall, Fairview, Montana. The purpose of the public hearing was to consider the merits of the Applicant's proposed water rate adjustments.

4. At the public hearing the Applicant presented the following two witnesses:

Jean Lanouette, Town Clerk
Jerry Leivstad, Water and Sewer Commissioner

No public witnesses took the stand and testified in opposition to the proposed rate adjustments.

5. The Town's witnesses testified the Town needed the proposed increase in rates to cover increased costs of operation, to repair and maintain the current system, to make needed capital improvements and to provide funds for contingencies.

6. The Town's exhibits indicate that for the fiscal years 1980 and 1981 the water operating fund incurred operating deficits of \$2,825 and \$5,974 respectively. This would indicate that the water utility is experiencing increased costs of operation.

7. Based upon Finding of Fact No. 6 the Commission can conclude that the Town has not had funds available from the water operating account to adequately maintain the water system or to provide funding for needed capital improvements.

8. The testimony of the Town's witnesses indicated that the main portion of the Town's distribution system was installed in 1935 and that it is anticipated that replacement of portions of the distribution system will become necessary in the near future. The witnesses also testified there were a number of dead end mains in the water system that needed to be looped to improve fire flows and pressure and numerous shut-off valves needed to be replaced because they were inoperative.

9. Based upon the findings that the water utility has experienced increased costs of operation and that there exists a need for revenue to make necessary capital improvements to the

existing water system the Commission finds the Town's request to increase water revenues by approximately \$21,150 to be reasonable.

10. There was discussion on the record relative to the rate structure proposed by the Town. The Town's witnesses testified that the proposed rate structure was constructed to cover costs of providing service to various customer classifications. The Commission's review of the proposed rate structure indicates that the proposed rates are a reasonable attempt to fairly recover the cost of providing service to the various customer classifications.

11. Contained in the Town's application is a request for authority to implement a \$150 hook-up fee for all new connections to the water system. The Town proposes to place all funds received from the assessment of the hook-up fee in an earmarked account and utilize these proceeds to defray part of the cost of any future plant expansions. While it is not the Commission's general policy to allow the assessment of a hook-up fee the Commission is of the opinion, that even with its denial, the Town would have the authority to implement such a fee on its own motion. The Town is delegated the authority under Title 69, Chapter 7, which took effect July 1, 1981, to establish its own service requirements and the latitude to increase its water revenues by 12 percent annually without Commission approval. Given these facts the Commission accepts the implementation of the \$150 hookup fee.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission properly exercises jurisdiction over the parties and subject matter in this proceeding.
2. The Commission afforded all interested parties notice of and an opportunity to participate in this proceeding.
3. The rates approved herein are just and reasonable.

ORDER

IT IS ORDERED by the Hearing Examiner Gordon Bollinger, that the Town of Fairview is authorized to implement increased rates that generate additional annual revenues of \$21,150.

IT IS FURTHER ORDERED, that the rates and rate structure filed with the application are the rates to be implemented by the Town of Fairview.

IT IS FURTHER ORDERED, that the Town is authorized to implement the assessment of a \$150 hook-up fee for all new connections to the water system.

IT IS FURTHER ORDERED, pursuant to ARM 38.2.4802, that this is a proposed order. Any party shall have an opportunity to file exceptions to this initial decision, present briefs and make oral arguments before the entire Commission, provided such exception, briefs and requests for oral argument are presented to this Commission within twenty (20) days from the service date of this proposed order.

IT IS FURTHER ORDERED, that a full, true and correct copy of this order be sent forthwith by first class United States mail to the Applicant and to all other appearances herein.

DONE at Helena, Montana, this 15th day of January, 1982.

GORDON BOLLINGER, Chairman
Hearing Examiner

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)